

**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT
Monday, 17 February, 1981**

Time — 10:00 a.m.

CHAIRMAN — Mr. Morris McGregor (Virden)

**COMMUNITY ECONOMIC DEVELOPMENT
FUNDS**

MR. CHAIRMAN: The Committee will come to order. We'll call on the Minister responsible for Economic Development for his opening remarks.

The Honourable Minister.

HON. DOUG GOURLAY (Swan River): Thank you very much, Mr. Chairman. First of all I would like to introduce personnel that are here this morning: Mr. Jim Goodman, Chairman of the Board of CEDF from Flin Flon; Mr. Hugh Jones, General Manager; and Mr. Alex Musgrove, the Secretary-Treasurer. At this point, I would like to call on Mr. Goodman to give his comments.

MR. CHAIRMAN: Mr. Goodman.

MR. JAMES E. GOODMAN (Flin Flon): Mr. Chairman, once again there has been a significant time lapse between the period covered in the report before you today and its consideration. As I did last year, I would like to begin by briefly updating some of the information.

Firstly, it should be noted that there has been one change in the board content since March 31st, 1980 in the replacement of Mr. Moses Nathan as nominee of the Fourth Nations Confederacy and Mr. Colin Holbrow.

Traditionally the government has invited membership of the Funds Board of nominees of the Confederacy, Manitoban Metis Federation and the Northern Association of Communities Councils. Unfortunately, the Confederacy took the position in July last year that, in view of the restrictions on the Funds participation in Treaty Indian enterprises, its representative should not take part in the Board deliberations.

Administratively, processing of applications for assistance continues along the lines I described in my report to this committee last year. The bylaws of the Fund confine the Board to making decisions on loan applications up to \$75,000.00. The General Manager and I have a limit of \$10,000 which can be exercised for projects requiring urgent decisions between Board meetings. The Board continues to meet on the regular monthly basis and my colleagues and I are finding that more and more time is required on our part in light of increasing activity.

You'll see from page 17 of the report before you that in the fiscal year ended March 31, 1980 the Fund approved 37 applications for a total of close to \$1.99 million with jobs created or retained at a level of 144. Since year-end, and recognizing of course that we have one more month to go in the current year, we have considered 35 submissions and approved 31 loans for a total of approximately \$1.1 million creating or retaining some 115 jobs. If we look at page 17 of the report, again we see the

communities involved in that listing of approved assistance are: Snow Lake; Big Black River; Camperville; The Pas; Deano's; Duck Bay; Winnipegosis; Brochet; Leaf Rapids; Churchill; Ilford; Berens River; Cross Lake; Vogar; Cormorant; Oxford House; Grand Rapids; Birch River. Since March 31, 1980 we have made loans also in Manigotagan, Easterville, and Wabowden.

A significant issue last year was the consideration at two or three Board Meetings of a complete policy review of the Fund. The Staff and Directors carefully considered loan criteria, geographic location and ancillary assistance; as a result of these meetings, the Board through the Minister recommended to the Government certain changes and clarification resulting in improved guidelines, as outlined on Page 7 and 8 in the report before you.

Non-lending activity continues and in view of his closer involvement, I would suggest, that the General Manager should indicate these activities to you, should you so request.

Before concluding these comments I think it would be appropriate for me to deal briefly with the matter of the very large loan approved last year for Diamond Willow Inn Ltd., the motel project at Snow Lake. Questions were raised in the House as to the Fund's involvement to the degree approved, and in deed, the nature of the commitment itself. Initially the fund approved a loan of \$248,000.00 in conjunction with the Federal Business Development Bank and the Federal Special ARDA Program, for the then total program cost of \$462,000.00. Subsequently, the contracting firm involved experienced severe financial difficulties. To protect the existing investment commitment and ensure completion of a project considered to be a needed one in the community, with a long-term liability potential, the Board was obliged to consider additional capital financing. We received full co-operation from Special ARDA with the grant component being increased to just over \$185,000.00. It is interesting to note incidentally that the commitment of \$581,000.00, covering of course the bridge financing of ARDA has already been reduced by \$131,000, the 80 percent grant payment already received. A further \$55,000 should be paid at the end of the third year.

Costs have been well contained and the long-term loan situation should be less than originally expected. I want to stress that the Board insisted that when it became necessary to engage a second contractor to complete the project, the most stringent monitoring of loan disbursements took place. To this end all funds were disbursed in trust to Legal Counsel, concurrent with progress reports from the major architectural firm in Winnipeg, so that we could be satisfied with construction expenditures. Unfortunately, there have been misunderstandings with one or two of the smaller sub-trades, again as a result of financial difficulty with the second contractor.

As the question of validity of two mechanic's liens is still unresolved, I prefer to restrain my comments in this respect. In any case, however, the Board

remains satisfied that the conditions of its commitment have been fully met and that the project under strict monitoring is now capable of attaining viability with the employment factor, mainly Native, at a level of 10. Questions on the specifics of the loans approved, or other matters concerning the administrative function, could perhaps be taken by Mr. Jones.

In conclusion, I should like to express again my appreciation to my colleagues on the Board and to the dedicated staff of the Fund. Thank you.

MR. CHAIRMAN: Committee, have you questions of Mr. Goodman?

Mr. Evans.

MR. LEONARD S. EVANS (Brandon East): I just have one question but Mr. Bostrom has a number. I wonder if it is possible for the Chairman, or perhaps the General Manager can give him that information as to the number of jobs created or retained each year by year since the inception of the Fund. That's available I know for past reports, but I don't think it is in this particular report we have. The year ended March 31, 1980 there's 144 jobs created or retained; the year ended March 31, 1979 there were 72. I just wanted to put this into perspective. I think it will go back around 1971 or 1972.

MR. CHAIRMAN: Mr. Goodman.

MR. GOODMAN: Mr. Jones, would you answer that?

MR. H. J. JONES: Mr. Chairman, may I come back to you in just a couple of seconds, I have the information here, Mr. Evans, I just want to look it up.

MR. EVANS: Well, actually, fine. I just wanted to see what the trend was in the job creation. I would like to ask the Chairman a general question. Is he satisfied that the Fund is doing all it can to provide opportunities to people in the area that it has jurisdiction, in the area that it's concerned with, namely Northern Manitoba, remote communities, people that have difficulty in obtaining loans and financing from normal financial institutions; are you satisfied that the Fund is meeting the need that's out there?

MR. CHAIRMAN: Mr. Goodman.

MR. GOODMAN: Mr. Chairman, I don't think we can ever be satisfied that we are doing all that we can or hope to do but I am satisfied that they're making a very good effort. Certainly the applications that come in are getting very thorough consideration by the staff and ourselves on the Board.

MR. EVANS: I don't question the organization, I think you have a fine staff. I know the members of the Board are dedicated in carrying out the terms of the Act. I asked the question because in Northern Manitoba we have a lot of unemployment, unfortunately, that's the information we get from Statistics Canada; that's the information we get from other group centres who are concerned with Northern Manitoba development. It seems that's one year of the province that we have an excessive

amount of unemployment. As a matter of fact, I have heard the terms 25, 50 percent in some communities. I don't have the figures with me, but you've seen the statements.

I appreciate the fact that not everyone is interested in getting into business, not everyone in these communities has the interest or the capacity to take a loan and to engage in some enterprise as the people listed in your report this year have done; so therefore, I appreciate the fact that this can only be one component, one segment of an effort by government to help with some economic activity, to help with some job creation in that areas. I appreciate a limited mandate that you have, in a sense. But having made all those provisos and caveats, I still ask this question, do you think we could be doing more with this organization, with the Fund that you had; what other things can we do? When I look at 144 jobs is fine, 144 jobs is very good, but in my view, it's a very minimal amount of work. Fine as they may be, I'm not criticizing, I'm just saying it's a drop in the proverbial bucket. So, I'm concerned how the Fund can do more to create small enterprises and help small businessmen, help the people get into business.

MR. CHAIRMAN: Mr. Goodman.

MR. GOODMAN: Mr. Jones, would you?

MR. CHAIRMAN: Mr. Jones.

MR. JONES: With your permission, Mr. Chairman. On that point, can I just mention something. Firstly, that there has been concern by the Board and the staff in that six months last year as to the success, if you wish, of the awareness of the Fund in the areas where we deal. Recently, for example, we put some advertisements in the press. when I say the press I mean the Northern newspaper, Winnipeg Free Press and I found it interesting that in the last two months we have had approximately 115 inquiries for assistance, I mean inquiries, not by any means developed into applications but it illustrated to me and to the Board that there's something here that we've not perhaps been putting enough emphasis on.

On that point again, Mr. Chairman, with your permission, I'd like to draw the Committee's attention to the fact, and this is not complete yet, the Fund commissioned an independent evaluation from the University of Manitoba's Natural Resources Institute. We have had some draft papers in and, Mr. Evans, in relation to your question, I find it interesting that one of the first recommendations this study has made is that the CEDF increase individual and community awareness of the Fund in the North through advertisements and they talked about the advertisements being presented in the appropriate language of the people, the native language. But, some of the conclusions that study has reached and it will be available through the Institute. presumably at some future date, is that the study supports the position that the Fund has and is and I am quoting, "successfully carrying out its mandate."

Many findings were established as a result of their involvement physically in the North with our clients; clients, by the way, who had succeeded and who have failed, that the community served by the Fund represent a wide range in geographic location.

Interestingly the communities administered under The Northern Affairs Act, this goes back to 1972, the larger number of loan approvals and that the majority of enterprises are continuing under continuing under original ownership or have successfully been sold to new proprietors; that the Fund enhances and complements other activities such as Special ARDA. Those are some of the very general conclusions, but again they're recommending strongly that we should be addressing ourselves to creating a better awareness of what the Fund can do.

MR. EVANS: That answers one item, that is we could extend the use made of the Fund by people in the communities through advertisements and generally making those people more aware of the Fund and what it can do for them. But what else can we do to make this an even more effective instrument; I think it's done a excellent job over the years, there is no question. I would just like to see more of that good job. So what I'm asking the Chairman is what else can the Fund do. I know there's a problem because you're taking risks and you have to be concerned and you're not going to throw money out the window, as they say, you're going to be careful, you want to make sure you're dealing with people who can utilize those funds in a productive manner, you want to hopefully get paid back some day and interest payments, etc., so I appreciate those constraints. But, having said that, what else can be done, if anything, to make the Fund more broadly-based and more widely used. What about the terms of the loans, for example, I'm just asking in a very general way, I'm not suggesting anything specific.

MR. CHAIRMAN: Mr. Jones

MR. JONES: Dealing with the last one, in regard to the terms of the loans, I believe I'm correct in saying that the terms really are very flexible indeed. I can't think of anywhere else where people can borrow money to set up business on the kinds of terms we set. I think the maximum term we've gone on any one loan is 15 years but there's nothing terribly sacrosanct in that. If it were really mortgage situation we could go longer, but the interest rate perhaps is a factor we should be considering but in today's climate, I think our rate is very reasonable, 13 1/2, that of course is arguable.

Terms, there is considerable flexibility. Repayment terms are set, at first, in our judgment in relation to what we think can be generated for repayment but we are very very frequently faced by request for changes in those terms and I can't think of any occasion where a reasonable request has been refused. I don't know whether that answers your question.

MR. EVANS: I gather that the terms are flexible, so that's fine. I guess it's primarily the interest rate that may be an inhibition to some people, I don't know. Can I assume then that we're doing as much as we can, perhaps some more advertising will make greater use of the Fund, make this possible in the future or are we saying this is about it, this is about all we can do. All I am suggesting, Mr. Chairman, is that considering the thousands of people that are

unemployed in Northern Manitoba, and I say 144 jobs, good as they are, fine as the Fund is, you know, its officers, its Board, etc., it's just a very very small amount and it seems to me that we should look at ways and means of making this Fund more effective for the people there, and therefore, for the welfare of all of us because the more people we have working the better off we will all be.

MR. CHAIRMAN: Mr. Goodman

MR. GOODMAN: I am sure Mr. Evans, that we all share your sentiments and they're very good ones and I think in the future we will look towards doing that very thing, and perhaps, as you were saying, more advertising will help us. One of the difficulties we see, my personal observation, is that the incentive to be an entrepreneur has to come from within and you to impress upon people ideas that are not their own, they are the ones that are probably the ones that are going to go down the drain, you might say.

MR. CHAIRMAN: The Honourable Minister.

MR. GOURLAY: Thank you Mr. Chairman, just to add further to that point, I might add that our Department prepared a small pamphlet outlining the various services and personnel involved in the Department of Northern Affairs. This was prepared this past year and distributed to the Northern Affairs Communities. Also in that pamphlet it has a toll free number to phone in to Winnipeg here to get further information with respect to that kind of information CEDF, and of course it covers a wide range of services offered by the Department of Northern Affairs, but it doesn't include the information on CEDD.

We have also prepared a booklet outlining various types of Assistance Programs that are available, not only through the Province but through the Federal Government and other sources, and in that booklet it contains information on the CEDF as well. So we are trying to get the information out into the hands of the people in the Northern areas so that they can take advantage of these programs. In the event that they are not familiar with them; we are hoping that this information will get to them.

MR. CHAIRMAN: Mr. Ferguson.

MR. JAMES R. FERGUSON: Thank you, Mr. Chairman, I have only one question and that would be an explanation of why the fluctuation of interest rates. Even on short term it seems to be about a three percentage.

MR. CHAIRMAN: Mr. Jones.

MR. JONES: The answer to that, Mr. Ferguson is that our interest is linked to the long term borrowing rate of the Province. It usually changes every quarter but whatever that rate is, that's what our rate is.

MR. CHAIRMAN: Are you finished, Mr. Ferguson?
Mr. Evans.

MR. EVANS: I wonder if Mr. Jones has the figures on the employment now, on the jobs created year-by-year.

MR. JONES: It's 1,111, Mr. Evans.

MR. EVANS: Mr. Chairman, I wonder if we could have that shown by year. Could you just read them off and I will write them down.

MR. JONES: I am sorry Mr. Chairman, I had the total here, I'll have to get the breakdown.

MR. EVANS: But, 1,111, does that include the 144, I would imagine it does.

MR. JONES: Yes it does.

MR. EVANS: That's since the inception of the funding which is what 1971 or 1972. That would show about eight years operation, so that's certainly roughly around 150 or 160 jobs or whatever it comes to on-average per year. If I could have that breakdown, if that is possible, I would appreciate that.

MR. BOSTROM: Mr. Goodman, I note that the administrative expenses for the Communities Economic Development Fund of \$413,000-plus would represent approximately 20 percent of the total activity during the 1979-80 fiscal year. Do you consider that to be a reasonable amount of administrative expenses for that level of activity?

MR. CHAIRMAN: Mr. Jones or Goodman.

MR. GOODMAN: Mr. Jones.

MR. JONES: Maybe, Mr. Bostrom, could I just comment on one thing and you have seen it on page four, there's a net figure there of \$270,027.00. The increase in the fiscal year in question is also commented on in terms of an increase of three professional staff, which we had to get on board to deal with the increasing number of applications. I don't know whether I can answer the question you asked the Chairman, in terms of whether or not that's reasonable. If it's related to the dollars or the numbers of loans put out in one fiscal year, one could argue perhaps it's high. We've tried to stress at other times that a personal view would be that that would not be the right measurement. It's what is existing in the portfolio that requires constant management, not just a production of new loan.

MR. BOSTROM: What is the level of funding available to the Community Economic Development Fund for the fiscal year 1980-81 for the staff to work on in terms of providing assistance to business enterprises?

MR. JONES: Sorry, I didn't catch the last bit. Are you talking about capital available, Mr. Bostrom?

MR. BOSTROM: Capital available at the present time for this fiscal year that we're going into, 1980-81.

MR. JONES: Well, the Fund's capital has been a revolving capital of \$6 million, I'd have to get the precise figure, but my experience has been we've never faced the problem in terms of running short of capital. I believe we have about \$2.9 million

unexpended, now I would have to confirm that, but off the top of my head, I think that is the figure that's available.

MR. BOSTROM: What are the total loans receivable at the present time, approximately?

MR. JONES: I'd have to get that figure, Mr. Chairman, I don't have the most current statement with me.

MR. BOSTROM: Can the Chairman or the Minister explain to me what is the policy of the Communities Economic Development Fund at the present time respecting grants that are made? I notice that the statement on page 17 indicates that four grants were made over the period in terms of this report and they were made to Duck Bay Hardwood Enterprises, the Ilford Community Development Corporation, P & R Enterprises Ltd., and Pi-Mi-Chi-Ka-Mac Development Corporation at Cross Lake. Can the Minister or the Chairman or whoever, indicate the policy and the way in which the Board deals with these kinds of things?

MR. CHAIRMAN: The Honourable Minister.

MR. GOURLAY: As you will recall a year ago, we had some discussion with respect to these items and previously there was money made available under what was referred to as the SNEP Funds, that provided management moneys to be paid out in the form of grants when it was deemed advisable to do so. Our policy now has been changed that we don't administer any grants through the CEDF.

MR. BOSTROM: Mr. Chairman, am I to understand that in the 1979-80 fiscal year CEDF did administer grants but the policy in 1980-81 is that they do not administer grants?

MR. GOURLAY: That's right.

MR. BOSTROM: What has happened to the grant program then? Has it been canceled completely?

MR. GOURLAY: That's correct.

MR. BOSTROM: Can the Minister or the Chairman indicate what was the policy in this fiscal year that we're examining with respect to the four grants that are indicated in the list here? For example, why was a grant made to Duck Bay Hardwood Enterprises Ltd. of \$7,000.00?

MR. CHAIRMAN: Mr. Jones.

MR. JONES: Mr. Chairman, I can go through these again, Mr. Bostrom. In fact, some comments are contained in this report on pages 5 and 6. We went through the specifics I think last time but Duck Bay Hardwood Enterprises, there was a grant approved of \$7,000 and \$3,500 of it was utilized. As I mentioned before, it was a special assistance approved by the Board to enable a market study to be completed. The product was not getting to the market, in fact we weren't satisfied that there was a market to make this thing viable and that was what the money was used for.

As I say, there is a general explanation on page 6, but I'd be pleased to answer details.

MR. BOSTROM: I'm satisfied with the answer on that particular one. I would like to ask regarding Ilford Community Development Corporation and what was the purpose of a \$40,000 grant?

MR. JONES: In regard to that one, this Community Development Corporation was set up primarily as a local construction company and its main source of income for the first years were the granting of contracts for the winter road construction.

The Fund made a loan initially and there was some special other money involved also, but the Corporation ran into a problem last year primarily as a result of the reduction in mileage available under that contract and it was, as we understood it at the time, virtually the only employer of any significance in the community employing a considerable number of the Native people.

The Board looked at it when the contract for winter road construction was available and concluded that this corporation as a community entity should be given one more year of operation to prove itself and to do so, it was considered untenable to put more debt financing into it. With the availability at that time of monies through the unexpended SNEP Program, the Board concluded that \$40,000 ought to be injected for a combination of reasons; one was an equity base; two, to cover if you wish, a wage subsidy and quite a bit also for some management expenses. That was the reason for that grant.

MR. BOSTROM: In other words, Mr. Chairman, Communities Economic Development Fund was subsidizing the Winter Road Program. I notice also that the same company received two loans of \$10,000 and \$75,000 at favourable interest rates.

I would then go on to P & R Enterprises Ltd. and request information as to what was the purpose of the grant in question . . . ?

MR. JONES: On that one, Mr. Bostrom, it was mentioned before. It is a hotel operation and the restaurant operation in the community of Churchill. We were approached for loan assistance and we did not understand frankly the various dimensions of the operation, we weren't satisfied with the debt level, and the Board concluded that again a market study should be undertaken for what was then considered to be an expansion need. In effect, that money was not utilized beyond about \$1,500 to \$1,600 and the balance has been cancelled.

MR. BOSTROM: And the last grant, Mr. Chairman, to the corporation at Cross Lake of \$130,000.00?

MR. JONES: That one is a major employer in the community of Cross Lake; it's a saw mill operation. It ran into significant problems last year in terms of getting its product out, in terms of dealing with its inventory, in terms of its management costs. The water level was such it could not get its product to market on time and it needed this kind of subsidy primarily for wages. I'll have some more information on the operation later if you wish

MR. BOSTROM: Mr. Chairman, am I to conclude then, from what the Minister has told me, that there are no further grants available within the

Communities Economic Development Fund and any remnants of the former Special Northern Employment Program, SNEP has now been cancelled and there is no such program operating in the fiscal year 1980-81?

MR. CHAIRMAN: The Honourable Minister.

MR. GOURLAY: That's correct

MR. BOSTROM: Mr. Chairman, in that regard, I would hope that the Minister would inform his First Minister, the Premier of Manitoba, that such is the case because I happened to attend at a Four Nations Conference this Fall when the Premier was speaking at that conference as a guest speaker and he was referring to the numerous programs that the Provincial Government was operating which were of benefit to native people and he specifically referred to the SNEP Program as one which is available to native people. I recall a snicker going throughout the room because even the Indian people who were at the conference, as uninformed as they usually are about Provincial Government programs, were aware that there was no such thing as the SNEP Program operating in Manitoba and the Premier was obviously holding this up as one of the things which they could count on. So, Mr. Chairman, I would hope that the Minister would inform his Premier that there is no such program operating.

The other thing, Mr. Chairman, I'd like to ask what the policy is on the interest rate level for each of the loans that are made by the Communities Economic Development Fund. I noticed quite a fluctuation in interest rate levels and I would want to know what is the policy of the Communities Economic Development Fund with respect to the interest rate charged to the various clients?

MR. CHAIRMAN: Mr. Jones.

MR. JONES: Yes, Mr. Bostrom, maybe I can answer that one. As I say, generally speaking, the interest rate levied at a loan when it is approved is the same rate as a long-term borrowing rate to the province, so today a normal loan would be 13-1/2 per cent. But some years ago, the Board passed a resolution, as adopted, and it still is in place as policy, if there are a significant number of permanent jobs created then that interest factor comes down by half a point. Frankly, I have forgotten the precise numbers, but I think it goes up to 18 jobs. If you look at the Ilford operation, you'll see the interest rate is 8 per cent and that's because we used that formula in relation to the jobs that were created. That formula still exists.

MR. BOSTROM: I have a couple of other comments to make, one, that I certainly support the operation of the Communities Economic Development Fund. I believe it was an innovative program which was developed to assist the development of enterprises in Northern Communities. It has over the years been very successful in that regard, establishing business enterprises in areas which would normally not have had available to them, funding from the normal banking or credit sources. The Communities Economic Development Fund in that regard has been the only program available to many fledgling

business people in the remote areas of Manitoba, so that I fully support the operation of the Communities Economic Development Fund and I believe I speak for our party in the legislature when I say that and the continued operation of the Communities Economic Development Fund and further to what my colleague from Brandon East has said, we would want to see this Communities Economic Development Fund expand its activities. We would want this kind of funding to be more readily available to enterprises. We would want the Fund to be more aggressive in assisting people to develop their enterprises and in fact to give them the kind of assistance they need while they're developing to ensure the success of their enterprises. So that I am not questioning the administrative expenses here; I think they are reasonable. I was asking that question mainly to get the opinion of the manager and the chairman as to what they felt about this.

To the government, Mr. Chairman, I would say that they should give greater assistance to this program; there should be more emphasis on the program being an outreach one, which would make it possible for people who are interested in developing business enterprises to get the kind of up-front assistance they need to plan a potential enterprise and to assist them in making the application that they need to put together in terms of putting forward a presentation to the Communities Economic Development Fund Board. Often people who have an idea for business enterprise in a remote area do not have the financial and technical expertise to put together the proposal that's necessary to convince the Board that there is indeed a viable enterprise, a potentially viable operation. So, I would think that is a role that they could play, one in which they could be more aggressive and pursuing.

The other thing, Mr. Chairman, and the most serious criticism I have of the government in terms of the Communities Economic Development Fund, is their policy with respect to Treaty Indians. Last year, I criticized the government for establishing a policy whereby Treaty Indians were not allowed to lend from the corporation, period, and I note that the government has backed off partially on this, but only partially, and I think that their existing policy is still completely unacceptable. I find it disgusting that the Provincial Government sees fit to limit the assistance to a group that is probably the most disadvantaged group in Manitoba and one which requires the assistance that this kind of fund can provide. This fund, in its inception, was formed to provide assistance to communities in the north, communities in remote areas which did not have access to the regular sources of financing, and Treaty Indians certainly, far more possibly than any other group in Manitoba society, require that kind of assistance. For the government to put the kind of restrictions on the fund that they have put on the fund with respect to Treaty Indians is nothing short of discrimination and I find it absolutely disgusting. On Page 8, they outlined the existing policy of the Board for the Communities Economic Development Fund: "Shall not give consideration to financing for Treaty Indians except where the enterprises has received a government contract capable of being assigned to the Fund or for bridge financing proposals which have received a special ARDA grant and that such assistance shall be

provided only for enterprises located in those communities which fall within the definition contained in The Northern Affairs Act."

In other words, it is unavailable to Treaty Indians living on reserves, it's unavailable to Treaty Indians unless they have a government contract to take and assign to the Fund or a special ARDA grant which they can assign to the Fund.

Mr. Chairman, there's no other group in society in Manitoba that's restricted in this way and I still say to this government that this is discrimination, they should throw out this policy and they should consider each and every application that comes before the Fund on its merits. It should be looked on the financial basis of the operation that is proposed and each and every application should be approved or rejected only on the basis of its financial merit, whether or not the operation, in the opinion of the officers and directors of the Board is one which can reasonably be expected to succeed.

Mr. Chairman, I implore the government to change this policy. This is ridiculous, and for any suggestion to be made that Treaty Indians already have too much or they all ready have ample assistance from other sources is pure bunk, it's ridiculous, because Treaty Indians are the most disadvantaged group in Manitoba. Whenever they try to obtain the necessary financing from many of the other sources, whether it be the bank, Indian Affairs, Federal Business Development Bank, they have great difficulty and they have no better sources than any of the Northern Affairs communities, certainly.

There's an Indian Economic Development Fund which the Minister referred to last year in his comments in respect to my comments on this issue which is supposed to provide assistance to Treaty Indian people. That program is not restricted only to Treaty Indian people, the Federal Government Indian Economic Development Fund, it is supposed to be made available to any person who can provide employment opportunities for Treaty Indian people. But, Mr. Chairman, that fund is certainly not inexhaustible and I know many cases where Indian people have gone to the Indian Affairs department and requested assistance from the Indian Economic Development Fund and they have been told there is no money available. So then, where do they turn? They turn to the Communities Economic Development Fund and the Communities Economic Development Fund slaps them with this discriminating policy. I say that the government of Manitoba represents all the people of Manitoba and it represents the Treaty Indian people of Manitoba who are citizens of this province and they should be entitled to the same consideration as any other citizen when they are approaching the Communities Economic Development Fund for the opportunity to obtain financing.

MR. GOURLAY: Mr. Chairman, this is more or less a repeat performance of what we heard last year and what I would like to emphasize right now is the fact that the Treaty Indians are the responsibility of the Federal Government and we state in our policy that we are prepared to assist the Treaty Indians if we could get some sort of guarantee from the Federal Government. We don't have the kind of financial resources to be able to lend the kind of money that would be required to finance, no doubt, the types of

requests that we would get from the many Indian reserves in Northern Manitoba, and the way it is right now, we would have no recourse for any type of security. These would be unsecured loans going into the reserves and it certainly would not be long before the fund would be out of financial resources if we were to get into the business of lending money to Treaty Indians with no recourse for recovery of these funds. We've said in the past and we say again that we are prepared to co-operate with the Federal Government provided they will offer some form of guarantee to the loans that we would be prepared to give to the Indian people.

MR. BOSTROM: Mr. Chairman, there are two things which Minister uses as excuses, they're not reasons. I maintain, they're excuses on not providing funding opportunities to Treaty Indian people. One is that the government would have no security on loans which would be made to people living on reserves, and this is not correct. If the government would check with his legal advisors, I am sure he would be assured that loans that are made to Treaty Indian people on reserves can be secured. I have a document in my desk in the legislature which was provided to me by the Department of Indian Affairs whereby they have looked at the legality of loans and secured loans going into reserves and they have determined that things that are provided on the basis of a loan to a Treaty Indian on a reserve can be repossessed if the person does not provide the repayment of the loan.

The other excuse that he uses, is that it's going to provide a strain on the resources of the fund. Mr. Chairman, it's obvious that the fund is not using all the funds that they have available now; that they're sending out advertisements in northern newspapers and sending out pamphlets to northern communities to indicate that there's money available. I'm not saying to the government that they have to make an unlimited supply of money available, I'm saying just give the Treaty Indian people the same opportunity that you give everybody else in the area in which the fund is operating, and when the fund has exhausted its resources naturally that's all the money you have available to provide for financing, but you're not using all the moneys now that you have made available, and the Treaty Indian people of Manitoba are entitled to the same kind of consideration as any other citizen in Manitoba.

I reject the government's policy in this regard. It's one which the Progressive Conservative government imposed on the Communities Economic Development Fund. It's one that the new Democratic Party rejects, and I say that your government should change that and remove that discriminatory policy.

MR. CHAIRMAN: Mr. Evans.

MR. EVANS: I wonder if Mr. Jones has that breakdown of jobs.

MR. JONES: I'm sorry, I am going to have to undertake to send that you, quickly. I have more figures here but they're not year by year. May I just give it. Mr. Bostrom asked what the loans receivable balance was currently. We have it as at the end of January at \$2.4 million.

MR. EVANS: It would seem to me that there's probably been fewer applications approved the last

couple of years than there were in the earlier part of the fund. Now, the reason for that of course, could be that when the fund was started up brand new, the field was fertile and to be planted the first time and so on. In other words, there was more need out there perhaps. On the other hand, as my colleague from Rupertsland points out, there had been certain restrictions placed on the fund which inhibit the use to which that fund can be made and which keyed down the number of applications and the number of job opportunities that can be created and he mentions the policy that was reversed of not lending on reserves. The NDP government allowed this and this was disallowed by this government. There were other restrictions as I recall put on. At any rate, it seems to me, and I don't to be belabour this, that there's some very specific things, that the government perhaps has to set this policy guideline for the Fund, in order for it to be more effective. As my colleague has pointed out, we're not critical of the work that has been done. It's been an excellent organization and the people have been very dedicated, the Board and the management. We're not criticizing that, we simply say the main criticism has to be that there's not enough of it. Only 144 jobs in one year is just really an insignificant number when you consider the thousands upon thousands of people out of work in the north. So, what we say, and I support what my colleagues says, we should be more positive in our approach towards Treaty Indians and I support what he has just indicated in that respect.

Secondly, we should definitely provide more technical assistance to the people. We have to be more aggressive in that area and everything that that implies.

Thirdly, I would recommend that the government consider reducing the interest rate, provide a subsidized interest rate to these people. Why not, we subsidize business, large and small in other parts of the province and other parts of Canada. You know, we give big grants to corporations like Chrysler, Massey-Ferguson and so on and surely, when you consider the great social problem we have up north related to the amount of unemployment, surely, that is not a big thing to do. If it will create another 100 or 200 jobs, I say, Mr. Chairman, it's worth it. So, I would make that to the government as a positive recommendation that they should consider.

MR. GOURLAY: Mr. Chairman, although Mr. Jones doesn't have the actual breakdown of the loans that have been taking place over the last seven or eight years, I didn't have this information available to me last year, and as I recall, the performance that the CEDF has shown the last couple of years would be at least equal if not more than in any given year during the previous administration.

Now the current year shown here is 37 loans up to the end of March 31, 1980, and the Chairman indicated that there will be something in excess of 31 loans approved in the current year ending March 31, 1981. I believe that the figure that he used to date was 115 jobs retained or created. The figures of the last two years certainly are equal if not more than what had taken place over the period of the CEDF.

MR. EVANS: Mr. Chairman, I'm looking at in terms of jobs created, not in the applications approved or

the amounts. What I'm concerned with is the people that are given work. Mr. Jones just told us that there was 1,111 jobs created since the inception of the Fund, and if you take off 72 jobs and 144 that totals 216 jobs for the last two years. If you subtract that from 1,111 you're left with 895 for a period of six years and that is an average of 150 per year on average in the first six years. Am I wrong or right?. The chairman is nodding. I'm just doing the arithmetic based on the numbers given here. We averaged 150 jobs per year and I'm not saying it's good enough, but surely that's a higher performance rate than what we have seen since then, when we're 72 and 144, and now 115. There's no question that we're at a lower level of job creation the last three years than we were in the first six years of operation of the Fund. If I'm wrong, I like to be told that I'm wrong, but in terms of the jobs created there simply hasn't been the same number created on average in the last three years.

MR. GOURLAY: I think Mr. Jones indicated that these figures will be supplied at a later date.

MR. EVANS: Well, I don't think we want to belabour the consideration of the report. I have no further questions, I just would hope that the Minister will take into consideration suggestions we made which are made in a positive way so that the Fund can even be more effective. Thank you, Minister of Resources and Nature.

MR. CHAIRMAN: The Community Economic Development Fund Report — pass. Committee rise.